

SENATE BILL No. 158

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Property taxes. Provides a property tax exemption for a child care provider that participates in the state early education evaluation program and meets the standards of quality recognized by a Level 3 or Level 4 Paths to QUALITY program rating or has a comparable rating from a nationally recognized accrediting body. Provides that the interest paid on: (1) property tax refunds; (2) certain additional property taxes that a taxpayer is required to pay after a final determination of an appeal; and (3) certain amounts paid to local units by a county that is at least three years behind in issuing property tax bills; is equal to the lesser of 6% or the state interest rate for state tax refunds. (Under current law, the interest rate is equal to the state interest rate for state tax refunds.)

Effective: July 1, 2014; January 1, 2015.

Kenley

January 8, 2014, read first time and referred to Committee on Tax and Fiscal Policy.



Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 158

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-10-46 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2015]: **Sec. 46. Tangible property is exempt from**
4 **property taxation if:**
5 **(1) the tangible property is occupied and used for providing**
6 **early education services to children who are less than five (5)**
7 **years of age; and**
8 **(2) the provider of the early education services participates in**
9 **the early education evaluation program established under**
10 **IC 12-17.2-3.7 and meets the standards of quality recognized**
11 **by a Level 3 or Level 4 Paths to QUALITY program rating or**
12 **has a comparable rating from a nationally recognized**
13 **accrediting body.**
14 SECTION 2. IC 6-1.1-22.6-18, AS ADDED BY P.L.112-2012,
15 SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JULY 1, 2014]: Sec. 18. (a) Subject to subsection (b), a covered county



shall set aside in a separate fund on the schedule specified by the department from the funds specified by the department, one million dollars (\$1,000,000) for each consecutive year that the county experienced delayed property taxes described in section 2(1) or 2(2) of this chapter before the year in which the county qualifies as a covered county. The Indiana bond bank shall establish the schedule on which the covered county must set aside money under this section.

(b) The amount that must be set aside under subsection (a) for a particular year that the county experienced delayed property taxes is reduced:

(1) to zero (0), if all reconciliation statements for the delayed property taxes covered by subsection (a) and not previously billed are mailed or otherwise transmitted to taxpayers before January 31 of the year immediately following the year that the county becomes a covered county; and

(2) by seventy-five percent (75%), if all reconciliation statements for delayed property taxes covered by subsection (a) and not previously billed are mailed or otherwise transmitted to taxpayers before March 1 of the year immediately following the year that the county becomes a covered county.

(c) The amount set aside under this section for a particular year in which eligible taxing units experienced delayed property taxes shall be used to compensate eligible taxing units for:

(1) interest and other costs incurred by an eligible taxing unit for issuing anticipation warrants or other obligations to fund the eligible taxing unit's operating and capital requirements during a period in which the eligible taxing unit experienced delayed property tax collections; and

(2) interest, at **a rate equal to the lesser of six percent (6%) or the adjusted rate** for the period determined under IC 6-8.1-10-1, on the amount of the delayed property taxes not received by the eligible taxing unit, if the eligible taxing unit self-funded its operating and capital requirements during a period in which the eligible taxing unit experienced delayed property tax collections rather than issue anticipation warrants or other obligations.

(d) The Indiana bond bank or a person or entity designated by the Indiana bond bank shall establish a procedure for determining the amount that is to be distributed to each eligible taxing unit under this section. The procedure must include at least one (1) public hearing in the covered county.

(e) The county auditor of a covered county shall distribute the amount set aside under this section for a particular year among eligible



taxing units according to a formula or amount prescribed by the Indiana bond bank or the person or entity designated by the Indiana bond bank.

(f) The amount due to an eligible taxing unit under this section to compensate the eligible taxing unit for delayed property tax collections in a particular year shall be distributed in eight (8) equal installments. Each installment shall be paid on a consecutive settlement date following the date the Indiana bond bank or the person or entity designated by the Indiana bond bank determines the amount to be distributed to the eligible taxing unit.

(g) Any amount set aside under this section that exceeds the amount that the Indiana bond bank or a person or entity designated by the Indiana bond bank requires the covered county to distribute to eligible taxing units shall be transferred back to the funds from which the money was set aside in accordance with the directions of the Indiana bond bank or a person or entity designated by the Indiana bond bank.

(h) An eligible taxing unit, the county auditor and county treasurer of a covered county, and any special master appointed under this chapter shall provide the Indiana bond bank or a person or entity designated by the Indiana bond bank with the information required by the Indiana bond bank or a person or entity designated by the Indiana bond bank to carry out this section.

(i) An amount set aside under this section for distribution to eligible taxing units reduces the amount available to the county governmental unit for other expenditures. The county governmental unit may not impose an additional property tax levy to replace the lost revenue.

SECTION 3. IC 6-1.1-26-5, AS AMENDED BY P.L.288-2013, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 5. (a) When a claim for refund filed under section 1 of this chapter is allowed either by the county board of commissioners, the department of local government finance, the Indiana board, or the Indiana tax court on appeal, the claimant is entitled to a refund. The amount of the refund shall equal the amount of the claim so allowed plus, with respect to ~~claims for refund filed after December 31, 2001~~, **refunds paid after June 30, 2014**, interest at **a rate equal to the lesser of six percent (6%) or** the rate established for excess tax payments by the commissioner of the department of state revenue under IC 6-8.1-10-1 from the date on which the taxes were paid or payable, whichever is later, to the date of the refund. The interest shall be computed using the rate in effect for each particular year covered by the refund. The county auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant



under this section.

(b) In the June or December settlement and apportionment of taxes, or both the June and December settlement and apportionment of taxes, immediately following a refund made under this section the county auditor shall deduct the amount refunded from the gross tax collections of the taxing units for which the refunded taxes were originally paid and shall pay the amount so deducted into the general fund of the county. However, the county auditor shall make the deductions and payments required by this subsection not later than the December settlement and apportionment.

SECTION 4. IC 6-1.1-37-9, AS AMENDED BY P.L.288-2013, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 9. (a) This section applies when:

(1) an assessment is made or increased after the date or dates on which the taxes for the year for which the assessment is made were originally due;

(2) the assessment upon which a taxpayer has been paying taxes under IC 6-1.1-15-10(a)(1) or IC 6-1.1-15-10(a)(2) while a petition for review or a judicial proceeding has been pending is less than the assessment that results from the final determination of the petition for review or judicial proceeding; or

(3) the collection of certain ad valorem property taxes has been enjoined under IC 33-26-6-2, and under the final determination of the petition for judicial review the taxpayer is liable for at least part of those taxes.

(b) Except as provided in subsections (c) and (g), a taxpayer shall pay interest on the taxes the taxpayer is required to pay as a result of an action or a determination described in subsection (a) at **a rate equal to the lesser of six percent (6%) or** the rate established by the commissioner of the department of state revenue under IC 6-8.1-10-1 from the original due date or dates for those taxes to:

(1) the date of payment; or

(2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f);

whichever occurs first. The interest shall be computed using the rate in effect for each particular year in which the interest accrued.

(c) Except as provided in subsection (g), a taxpayer shall pay interest on the taxes the taxpayer is ultimately required to pay in excess of the amount that the taxpayer is required to pay under IC 6-1.1-15-10(a)(1) while a petition for review or a judicial proceeding has been pending at the overpayment rate established under Section 6621(c)(1) of the Internal Revenue Code in effect on the



original due date or dates for those taxes from the original due date or dates for those taxes to:

- (1) the date of payment; or
- (2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f);

whichever occurs first.

(d) With respect to an action or determination described in subsection (a), the taxpayer shall pay the taxes resulting from that action or determination and the interest prescribed under subsection (b) or (c) on or before:

- (1) the next May 10; or
- (2) the next November 10;

whichever occurs first.

(e) A taxpayer shall, to the extent that the penalty is not waived under section 10.1 or 10.7 of this chapter, begin paying the penalty prescribed in section 10 of this chapter on the day after the date for payment prescribed in subsection (d) if:

- (1) the taxpayer has not paid the amount of taxes resulting from the action or determination; and
- (2) the taxpayer either:
 - (A) received notice of the taxes the taxpayer is required to pay as a result of the action or determination at least thirty (30) days before the date for payment; or
 - (B) voluntarily signed and filed an assessment return for the taxes.

(f) If subsection (e) does not apply, a taxpayer who has not paid the amount of taxes resulting from the action or determination shall, to the extent that the penalty is not waived under section 10.1 or 10.7 of this chapter, begin paying the penalty prescribed in section 10 of this chapter on:

- (1) the next May 10 which follows the date for payment prescribed in subsection (d); or
- (2) the next November 10 which follows the date for payment prescribed in subsection (d);

whichever occurs first.

(g) A taxpayer is not subject to the payment of interest on real property assessments under subsection (b) or (c) if:

- (1) an assessment is made or increased after the date or dates on which the taxes for the year for which the assessment is made were due;
- (2) the assessment or the assessment increase is made as the result of error or neglect by the assessor or by any other official



involved with the assessment of property or the collection of property taxes; and

(3) the assessment:

(A) would have been made on the normal assessment date if the error or neglect had not occurred; or

(B) increase would have been included in the assessment on the normal annual assessment date if the error or neglect had not occurred.

SECTION 5. IC 6-1.1-37-11, AS AMENDED BY P.L.288-2013, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 11. (a) If a taxpayer is entitled to a property tax refund or credit because an assessment is decreased, the taxpayer shall also be paid, or credited with, interest on the excess taxes that the taxpayer paid at **a rate equal to the lesser of six percent (6%) or the rate established for excess tax payments by the commissioner of the department of state revenue under IC 6-8.1-10-1**. However, in the case of an assessment that is decreased by the Indiana board or the Indiana tax court, the taxpayer is not entitled to the greater of five hundred dollars (\$500) or twenty percent (20%) of the interest to which the taxpayer would otherwise be entitled on the excess taxes unless the taxpayer affirms, under penalty of perjury, that substantive evidence supporting the taxpayer's position had been:

(1) presented by the taxpayer to the assessor before; or

(2) introduced by the taxpayer at;

the hearing held by the county property tax assessment board of appeals. An appraisal may not be required by the county property tax assessment board of appeals or the assessor in a proceeding before the county property tax assessment board of appeals or in a preliminary informal meeting under IC 6-1.1-15-1(h)(2).

(b) For purposes of this section and except as provided in subsection (c), the interest shall be computed:

(1) from the date on which the taxes were paid or due, whichever is later, to the date of the refund or credit; and

(2) using the rate in effect under IC 6-8.1-10-1 (**but not to exceed six percent (6%)**) for each particular year covered by the refund or credit.

If a taxpayer is sent a provisional tax statement and is later sent a final or reconciling tax statement, interest shall be computed after the date on which the taxes were paid or first due under the provisional tax statement, whichever is later, through the date of the refund or credit.

(c) This subsection applies if a taxpayer who is entitled to a refund or credit does not make a written request for the refund or credit to the



1 county auditor within forty-five (45) days after the final determination
2 of the county property tax assessment board of appeals, the state board
3 of tax commissioners, the department of local government finance, the
4 Indiana board, or the tax court that entitles the taxpayer to the refund
5 or credit. In the case of a taxpayer described in this subsection, the
6 interest shall be computed from the date on which the taxes were paid
7 or due to the date that is forty-five (45) days after the final
8 determination of the county property tax assessment board of appeals,
9 the state board of tax commissioners, the department of local
10 government finance, the Indiana board of tax review, or the Indiana tax
11 court. In any event, a property tax refund or credit must be issued not
12 later than ninety (90) days after the request is received.

13 SECTION 6. [EFFECTIVE JULY 1, 2014] **(a) IC 6-1.1-22.6-18,**
14 **IC 6-1.1-26-5, IC 6-1.1-37-9, and IC 6-1.1-37-11, all as amended by**
15 **this act, apply to interest payments paid after June 30, 2014.**

16 **(b) This SECTION expires July 1, 2018.**

